



THE COMMONWEALTH OF MASSACHUSETTS  
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SENT ELECTRONICALLY, BY FAX AND MAIL

December 14, 2001

Mary Cottrell, Secretary  
Department of Telecommunications and Energy  
One South Station, 2nd Floor  
Boston, MA 02110

**RE: Cambridge Electric Light Company/Commonwealth Electric Company,  
D.T.E. 01-79**

Dear Secretary Cottrell:

On December 3, 2001, Commonwealth Electric Light Company ("Commonwealth") and Cambridge Electric Company ("Cambridge") (together, "Companies" or "ComElectric") filed with the Department of Telecommunications and Energy ("Department") a Transition Charge Reconciliation Filing and proposed tariffs pursuant to G.L. c. 164, §§ 1A(a) and 220 C.M.R. §§ 11.03(4)(e). In particular, the Companies propose to:

- decrease Standard Offer charge<sup>1</sup> (from \$0.06351 to \$0.05626/kWh);
- decrease their average transition charges (from \$0.01445 to \$0.01139/kWh for Cambridge and from \$0.03028 to \$0.02909/kWh for Commonwealth);
- decrease their average transmission charges (from \$0.01442 to \$0.01079/kWh for Cambridge and from \$0.00726 to \$0.00464/kWh for Commonwealth);
- implement a transition rate adjustment<sup>2</sup>, and

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<sup>1</sup> This change is the result of an increase in the base Standard Offer charge of \$0.004 (from \$0.038 to \$0.042) and a decrease in the Standard Offer Fuel adjustment of \$0.01125 (from \$0.02551 to \$0.01426)

<sup>2</sup> This adjustment is purported to be consistent with that implemented by Boston Edison  
(continued...)

- implement the statutory decrease in its demand side management and renewable technology charges.

Pursuant to the Department's December 6 Notice of Filing and Request for Comments, the Attorney General hereby files this letter as his Initial Comments on the Company's filing. In these comments, the Attorney General urges the Department to reject the Companies' proposed transfer pricing proposal and initiate an investigation into the Companies' 2001 reconciliation filing.

The Companies propose to charge the Standard Offer customers for electricity purchased from contracts included in their transition costs at a transfer price that the Companies create and adjust in such a manner as to maintain a zero or minimal level of Standard Offer deferrals. Exh. RAP, p. 5. The Attorney General is concerned that the Companies may be inappropriately shifting costs from the transition charge to the Standard Offer. Furthermore, the Attorney General has concerns about the SOSFA and requests that it be reviewed by the Department to insure there is no over-collection.

“[T]he Department must ensure that the proposed reconciliations are consistent with or substantially comply with the Electric Utility restructuring Act, Chapter 164 of the Acts of 1997 (“Act”) the company’s approved restructuring plan, applicable law, and Department precedent.” *Boston Edison Company*, D.T.E. 98-111, p. 4 (October 19, 1999). Consistent with Department precedent, the Attorney General requests that the Department initiate a formal adjudicatory hearing process concerning BECo’s proposed reconciliations. *See Boston Edison Company*, D.T.E. 98-111 (December 31, 1998); *Boston Edison Company*, D.T.E. 99-107 (January 4, 2000).

Respectfully,

Joseph W. Rogers  
Division Chief, Utilities Division

cc: John Cope-Flanagan, Esq.  
Robert Werlin, Esq.

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<sup>2</sup>(...continued)

Company as part of a settlement in DTE 00-82. See Exh. BKR, pp. 7-9. It should be noted that there is no settlement with the Companies regarding the acceptance of the change in the method of reconciling the transition charge.